GOVERNMENT OF INDIA
NEW AND RENEWABLE ENERGY
LOK SABHA

UNSTARRED QUESTION NO:1176
ANSWERED ON:03.03.2016
Low Cost Funds for Solar Energy
Karandlaje Km. Shobha

Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

(a) whether the Government has asked financial institutions to raise funds which are low cost and of long tenure for financing the solar energy sector from international and/or domestic institutions using innovative instruments, if so, the details thereof;
(b) whether there is any plan to accord priority sector lending status to renewable energy sector; and
(c) if so, the details thereof?

Answer

(a): Yes, Madam. The Government has been asking financial institutions to raise funds which are low cost and of long tenor for financing the solar energy sector so that cost of borrowing for Renewable Energy reduces. These could be from international and/or domestic institutions using innovative instruments such as Green Bonds, Infrastructure Debt Fund (IDF) or Equity Fund, Long Tenor Tax Free bonds and raising External Commercial Borrowings (ECBs) to fund Renewable Energy Projects.
(b)&(c): Yes, Madam. The Reserve Bank of India (RBI) vide its circular dated. 23rd April, 2015 on 'Priority Sector Lending- Targets and Classification' has accorded renewable energy under Priority Sector Lending (PSL). As per the RBI Circular, bank loans up to a limit of ? 15 crore to borrowers for purposes like solar based power generators, biomass based power generators, wind mills, micro-hydel plants and for non-conventional energy based public utilities viz. street lighting systems, and remote village electrification have been classified under Priority sector. The loan limit for individual households is upto 10 lakh per borrower.
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